

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
Verizon Telephone Companies	)	
Tariff F.C.C. Nos. 1, 11, 14, and 16	)	
Transmittal No. 243	)	WCB/Pricing No. 02-27
	)	
Southwestern Bell Telephone Company	)	
Tariff F.C.C. No. 73	)	
Transmittal No. 2913	)	
	)	
Ameritech Operating Companies	)	
Tariff F.C.C. No. 2	)	
Transmittal No. 1318	)	
	)	
Southern New England Telephone Company	)	
Tariff F.C.C. No. 39	)	
Transmittal No. 774	)	
	)	
Pacific Bell Telephone Company	)	
Tariff F.C.C. No. 1	)	
Transmittal No. 82	)	
	)	
Nevada Bell Telephone Company	)	
Tariff F.C.C. No. 1	)	
Transmittal No. 22	)	

**Order**

**Adopted: September 30, 2002**

**Released: September 30, 2002**

By the Chief, Pricing Policy Division:

**I. INTRODUCTION**

1. In this order we suspend for five months and set for investigation Verizon Telephone Companies (Verizon) Tariff F.C.C. Nos. 1, 11, 14, and 16, Transmittal No. 243 and certain rates for Ameritech Operating Companies (Ameritech) Tariff F.C.C. No. 2, Transmittal No. 1318. We also suspend for one day, impose an accounting order, and set for investigation

Southwestern Bell Telephone Company (Southwestern) Tariff F.C.C. No. 73, Transmittal No. 2913, Nevada Bell Telephone Company (Nevada) Tariff F.C.C. No. 1, Transmittal No. 22, Pacific Bell Telephone Company (Pacific) Tariff F.C.C. No. 1, Transmittal No. 82, Southern New England Telephone Company (SNET) Tariff F.C.C. No. 39, Transmittal No. 774, and certain rates for Ameritech Operating Companies Tariff F.C.C. No. 2, Transmittal No. 1318. These transmittals seek to establish rates for Universal Service Fund charges billed to residential and business customers to reflect the companies' fourth quarter 2002 contribution obligations. No parties filed petitions against these transmittals.

## II. BACKGROUND

2. On September 10, 2002, the Wireline Competition Bureau (Bureau) announced its proposed universal service contribution factor for the fourth quarter of 2002.<sup>1</sup> Pursuant to section 54.709 of the Commission's rules,<sup>2</sup> the quarterly contribution factor is based on the ratio of total projected quarterly costs of the universal service support mechanisms to total end-user interstate and international telecommunications revenues, net of prior period actual contributions. Under section 54.507, however, funds collected in the schools and libraries support mechanism that are unused shall be applied to stabilize universal service contributions in accordance with the public interest and consistent with section 54.709(b) for no more than three quarters, beginning with the third quarter 2002.<sup>3</sup> Accordingly, the Bureau's *Public Notice* announced that the third quarter 2002 contribution factor of 0.072805 shall remain unchanged for the fourth quarter of 2002.<sup>4</sup> The captioned transmittals were filed on September 16, 2002 with the effective date of October 1, 2002.

## III. DISCUSSION

3. Each of the captioned transmittals include an adjustment for uncollectible amounts based on residential and business customer net bad debt experienced in the first eight months of 2002.<sup>5</sup> The Communications Act and the Commission's Rules require that all charges in connection with communication services be just and reasonable and all tariff filings of

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<sup>1</sup> *Proposed Fourth Quarter 2002 Universal Service Contribution Factor*, CC Docket No. 96-45, Public Notice, DA 02-2221 (released Sept. 10, 2002, WCB)(*Public Notice*).

<sup>2</sup> See 47 C.F.R. § 54.709(a)(2).

<sup>3</sup> See 47 C.F.R. § 54.507(a).

<sup>4</sup> See *Public Notice*.

<sup>5</sup> See Verizon Telephone Companies Tariff F.C.C. Nos. 1, 11, 14, and 16, Transmittal No. 243, *Description and Justification*, filed September 16, 2002, at 2 *ff.*; Southwestern Bell Telephone Company, Tariff F.C.C. No. 73, Transmittal No. 2913, *Description and Justification*, filed September 16, 2002, at 2 *ff.*; Ameritech Operating Companies, Tariff F.C.C. No. 2, Transmittal No. 1318, *Description and Justification*, filed September 16, 2002, at 2 *ff.*; Southern New England Telephone Company, Tariff F.C.C. No. 39, Transmittal No. 774, *Description and Justification*, filed September 16, 2002, at 2 *ff.*; Pacific Bell Telephone Company, Tariff F.C.C. No. 1, Transmittal No. 82, *Description and Justification*, filed September 16, 2002, at 2 *ff.*; Nevada Bell Telephone Company, Tariff F.C.C. No. 1, Transmittal No. 22, *Description and Justification*, filed September 16, 2002, at 2 *ff.*

dominant carriers be accompanied by an explanation and data supporting rate changes.<sup>6</sup> We find that these tariff filings provide little explanation and little or no data supporting the changed rates.

4. After reviewing the transmittals, we conclude that all of the captioned transmittals raise substantial questions of lawfulness warranting suspension and investigation. The companies have not provided sufficient explanation and cost justification or other support to permit a full assessment of the reasonableness of the proposed charges, particularly with respect to the inclusion and calculation of amounts related to uncollectible debt.

5. We therefore suspend for five months and set for investigation the proposed rate increases proposed in Verizon Transmittal No. 243 and Ameritech Transmittal No. 1318 with respect to Michigan and Wisconsin. We suspend for one day, impose an accounting order, and set for investigation proposed rates that would remain constant or decrease in Nevada Transmittal No. 22, Pacific Transmittal No. 82, SNET Transmittal No. 774, Southwestern Transmittal No. 2913, and Ameritech Transmittal No. 1318 with respect to Indiana and Ohio. The specific issues that will be the subject of the investigation will be identified in an upcoming designation order and may include, but may not be limited to, the issues identified in this order.

#### **IV. *EX PARTE* REQUIREMENTS**

6. This investigation is a permit-but-disclose proceeding and subject to the requirements of section 1.1206(b) of the rules, 47 C.F.R. § 1.1206(b), as revised. Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentations must contain a summary of the substance of the presentation and not merely a listing of the subjects discussed. More than a one- or two-sentence description of the views and arguments presented is generally required.<sup>7</sup> Other rules pertaining to oral and written presentations are set forth in section 1.1206(b).

#### **V. ORDERING CLAUSES**

7. ACCORDINGLY, IT IS ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's Rules, 47 C.F.R. §§ 0.91 and 0.291, the revisions filed by Verizon Telephone Companies, Tariff F.C.C. Nos. 1, 11, 14, and 16, under Transmittal No. 243, and certain rates for Ameritech Operating Companies Tariff F.C.C. No. 2, Transmittal No. 1318, as identified at paragraph 5, *supra*, ARE SUSPENDED for five months and an investigation IS INSTITUTED.

8. IT IS FURTHER ORDERED that, pursuant to section 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 204(a), and through the authority delegated pursuant to sections 0.91 and 0.291 of the Commission's Rules, 47 C.F.R. §§ 0.91 and

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<sup>6</sup> 47 U.S.C. § 201(b), 47 C.F.R. § 61.38(b).

<sup>7</sup> See 47 C.F.R. § 1.1206(b)(2), as revised.

0.291, the revisions filed by Nevada Bell Telephone Company Tariff F.C.C. No., 1, Transmittal No. 22, Pacific Bell Telephone Company Tariff F.C.C. No. 1, Transmittal No. 82, Southern New England Telephone Company Tariff F.C.C. No. 39, Transmittal No. 774, Southwestern Bell Telephone Company Tariff F.C.C. No. 73, Transmittal No. 2913, and certain rates for Ameritech Operating Companies Tariff F.C.C. No. 2, Transmittal No. 1318, as identified at paragraph 5, *supra*, ARE SUSPENDED for one day and an investigation IS INSTITUTED.

9. IT IS FURTHER ORDERED that, pursuant to sections 4(i) and 204(a) of the Communications Act of 1934, as amended, 47 U.S.C. § 154(i), 205(a), Nevada Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telephone Company, Southwestern Bell Telephone Company and Ameritech Operating Companies SHALL KEEP accurate account of all amounts received by the reason of the rates that are suspended for one-day and subject of this investigation.

10. IT IS FURTHER ORDERED that each local exchange carrier required to suspend its tariff revisions pursuant to this order SHALL FILE a supplement within five business days from the release date of this order reflecting the suspension. Carriers should cite the "DA" number on the instant order as the authority for the filings.

FEDERAL COMMUNICATIONS COMMISSION

Tamara L. Preiss  
Chief, Pricing Policy Division  
Wireline Competition Bureau